

AMENDED IN SENATE APRIL 27, 2010

AMENDED IN SENATE APRIL 8, 2010

**SENATE BILL**

**No. 1000**

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**Introduced by Senator Correa**

February 9, 2010

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An act to add Section 2951 to the Civil Code, relating to mortgage appraisals.

LEGISLATIVE COUNSEL'S DIGEST

SB 1000, as amended, Correa. Mortgages and deeds of trust: portable appraisals.

Existing law governs mortgages and deeds of trust on real property.

This bill would provide that, except as otherwise provided by federal law, if a person has applied to a lender for a loan secured by a mortgage or deed of trust on owner-occupied residential real property and *an appraisal has been completed for that lender, in connection with the loan application, that person may instruct the lender to provide a copy of the* ~~he or she provides to that lender a copy of a~~ previously completed appraisal ~~to a second or subsequent lender if of the same residential real property that is the subject of the loan application and that appraisal meets specified criteria, and that appraisal shall be accepted by that second or subsequent lender for purposes of determining whether to approve the loan application. This provision would also prohibit the lender from requiring the loan applicant to obtain a new appraisal of the property as a condition of approval of the loan. These requirements would not apply under a specified circumstance.~~ *This bill would also provide that a second or subsequent lender may not request that an appraiser change the name of a client within an appraisal report, except as specified.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 2951 is added to the Civil Code, to read:

2 2951. (a) Except as otherwise provided by federal law, if a  
3 person has applied to a lender for a loan secured by a mortgage or  
4 deed of trust on owner-occupied residential real property in this  
5 state, and ~~he or she provides to that lender a copy of a previously~~  
6 ~~completed appraisal of the property that meets the requirements~~  
7 ~~set forth in subdivision (b), both of the following shall apply: an~~  
8 ~~appraisal has been completed for that lender on that property in~~  
9 ~~connection with the person's loan application, the person may~~  
10 ~~instruct that lender to provide a copy of the previously completed~~  
11 ~~appraisal to a second or subsequent lender. Both of the following~~  
12 ~~shall apply, upon receipt of a previously completed appraisal by~~  
13 ~~a second or subsequent lender:~~

14 (1) ~~The previously completed appraisal shall be accepted by~~  
15 ~~that second or subsequent lender for purposes of determining~~  
16 ~~whether to approve the loan person's application for a mortgage~~  
17 ~~or deed of trust on the property that is the subject of the appraisal.~~

18 (2) ~~The second or subsequent lender may not require the~~  
19 ~~applicant to obtain person to purchase a new appraisal of the~~  
20 ~~residential real same property as a condition of approval of the~~  
21 ~~loan approving that person's loan application.~~

22 (3) ~~For the purpose of this subdivision, "provides" means that~~  
23 ~~the applicant has the appraiser supply the appraisal to the lender.~~  
24 ~~The appraiser may charge a fee to cover the actual cost of supplying~~  
25 ~~the appraisal but in no case shall the fee exceed ten dollars (\$10).~~

26 (b) ~~An appraisal described in this subdivision shall comply with~~  
27 ~~all of the following:~~

28 (1) ~~The appraisal shall be in compliance with the standards of~~  
29 ~~the Uniform Standards of Professional Appraisal Practice.~~

30 (2) ~~The appraisal shall be an appraisal of the same residential~~  
31 ~~real property that is the subject of the loan application described~~  
32 ~~in subdivision (a).~~

33 (3) ~~The appraisal shall have been completed not more than three~~  
34 ~~months prior to the date of the loan application described in~~  
35 ~~subdivision (a).~~

1     ***(b) A second or subsequent lender may not request that an***  
2 ***appraiser change the name of the client within an appraisal report,***  
3 ***unless the second or subsequent lender orders a new appraisal***  
4 ***assignment from that appraiser. A new appraisal assignment***  
5 ***ordered by a second or subsequent lender may provide for a scope***  
6 ***of work that is limited to a client name change.***

7     ***(c) Notwithstanding subdivisions (a) and (b), a second or***  
8 ***subsequent lender that has received a previously completed***  
9 ***appraisal report on a property may require a loan applicant to***  
10 ***purchase a new appraisal of that property, which includes more***  
11 ***than a client name change, in any of the following circumstances:***

12         ***(1) The appraisal is more than 30 days old, as of the date it is***  
13 ***received by the second or subsequent lender.***

14         ***(2) An underwriter for the second or subsequent lender***  
15 ***determines that the appraisal performed for the first lender is not***  
16 ***in compliance with the Uniform Standards of Professional***  
17 ***Appraisal Practice or contains other material deficiencies.***

18         ***(3) The appraiser that performed the previously completed***  
19 ***appraisal is on the second or subsequent lender's exclusionary***  
20 ***list of appraisers.***

21         ***(4) Failure of the first lender to provide a copy of the appraisal***  
22 ***to the second or subsequent lender in a timely manner would cause***  
23 ***a prejudicial delay in closing the mortgage loan, posing potential***  
24 ***harm to the borrower. For purposes of this section, potential harm***  
25 ***to a borrower includes loss of interest rate lock, purchase contract***  
26 ***deadline, foreclosure proceedings, or late fees.***

27         ***(e)***

28     ***(d) The requirements set forth in this section shall not apply if***  
29 ***the second or subsequent lender does not require the a loan***  
30 ***applicant to pay for the preparation of a new appraisal.***